

Message Text

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
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R 211245Z NOV 76
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S E C R E T SECTION 1 OF 3 TEHRAN 11630/1

EXDIS

E.O.11652: GDS
TAGS: OREP (RIBICOFF, ABRAHAM/BAKER, HOWARD)
SUBJ: CODEL RIBICOFF/BAKER: AUDIENCE WITH THE SHAH

REF: TEHRAN 11589

1. FOLLOWING DINNER NOVEMBER 19, CODEL SENATORS HAD A TWO-HOUR EXCHANGE WITH THE SHAH WHICH COVERED WIDE RANGE OF WORLD AND LOCAL ISSUES OF CONCERN TO THE SHAH AND THE DELEGATION. SUBSTANTIAL PART OF THE DISCUSSION FOCUSED ON SECURITY CONCERNS AND WHETHER IRANIAN MILITARY MODERNIZATION PROGRAM CONTRIBUTED TO MUTUAL OBJECTIVES OR WAS A DESTABILIZING FACTOR.

2. THE SHAH OPENED THE DISCUSSION WITH A BRIEF REVIEW OF THE LONG HISTORY OF US-IRANIAN FRIENDSHIP AND COOPERATION. HE NOTED IMPORTANT ROLE US HAD PLAYED AT CRITICAL TURNING POINTS IN IRAN'S HISTORY, INCLUDING THE EXPULSION OF THE SOVIETS AFTER WORLD WAR II, US ECONOMIC ASSISTANCE IN HELPING IRAN'S ECONOMIC DEVELOPMENT PLANS, AS WELL AS HELP TO IRAN IN DEVELOPING A MILITARY ESTABLISHMENT WHICH WOULD ENABLE IT TO ASSUME RESPONSIBILITY FOR DEFENDING ITS OWN INTERESTS IN THE AREA. SHAH SAID THAT IRAN'S POLICY OF FRIENDSHIP AND COOPERATION WITH THE US WILL NOT CHANGE AND HE HOPES US DEDICATION TO SHARED OBJECTIVES WILL REMAIN STEADFAST. HE SAID THAT US LEADERSHIP IS ESSENTIAL TO PRESERVING CIVILIZATION AS WE NOW KNOW IT AND THAT IRAN CAN BE A BASTION OF THE BEST VALUES OF THIS CIVILIZATION AND A PARTNER IN ENSURING THEIR SURVIVAL. HE IDENTIFIED COM-
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MUNISM AS PROMOTED BY THE USSR AS THE PRINCIPAL THREAT

TO THE SURVIVAL OF THE FREE WORLD, ITS INSTITUTIONS AND ITS IDEALS.

3. TURNING TO CONDITIONS ELSEWHERE, THE SHAH SAID THAT DEVELOPMENTS IN CHINA ARE FOR THE MOST PART ENCOURAGING BUT IT IS IN MANY WAYS AN ENIGMATIC COUNTRY IN WHICH THE FUTURE IS UNCERTAIN. IMAGINE, HE SAID QUIZZICALLY: "CHINA THOROUGHLY SUPPORTING OUR POLICY IN THIS PART OF THE WORLD." IN THE FAR EAST HE CONSIDERS JAPAN TO BE ECONOMICALLY STRONG BUT PRESENTLY UNABLE TO FILL A MILITARY VACUUM IN THAT PART OF THE WORLD. WHETHER IT WILL MOVE TO FILL THIS VACUUM IN THE FUTURE HE DID NOT KNOW. CLOSER TO HOME, HE ASKED RHETORICALLY WHY PEOPLE WERE UNCERTAIN ABOUT IRANIAN INFLUENCE IN THE AREA. HE POINTED OUT THAT IRAQ HAD AN ABUNDANCE OF SOPHISTICATED MILITARY EQUIPMENT, INCLUDING MIG-23'S AND SCUD B MISSILES AS WELL AS 2,000 TANKS WITH ONLY ONE-THIRD THE OPOULATIONOF IRAN. IT WAS CLEARLY A SURROGATE OF THE USSR AND HAD A SECURITY TREATY WITH IT. WHILE HE THOUGHT THAT AFGHANISTAN WAS DOING A REASONABLY GOOD JOB OF MAINTAINING ITS INDEPENDENCE AND KEEPING THE SOVIET UNION AT BAY FOR THE PRESENT, HE WAS BY NO MEANS CERTAIN WHAT WOULD HAPPEN AFTER DAOUD (WHO IS AN OLD MAN) AND WONDERED WHETHER AFGHANISTAN MIGHT NOT SUCCUMB TO SOVIET INFLUENCE. IRAN, HE SAID, HAS TRIED TO HELP PAKISTAN AND HAS MADE IT CLEAR TO INDIA THAT IT WOULD KEEP ITS HANDS OFF OF PAKISTAN AND THAT IRAN WOULD NOT STAND IDLY BY IF INDIA MADE A MOVE AGAINST PAKISTAN. WHILE IRANIAN RELATIONS WITH INDIA HAVE IMPROVED, THE SHAH NOTED THAT THERE REMAINS THE FUNDAMENTAL FACT THAT INDIA, LIKE IRAQ, ALSO HAS A TREATY WITH THE USSR AND VOTES THE SOVIET LINE IN THE UN. AS FAR AS THE INDIAN OCEAN IS CONCERNYC, THE SHAH SAID THAT THE USSR NOW HAS A 30 SHIP/DAY PRESENCE IN THE AREA EVEN THOUGH IT IS A NON-REPARIAN COUNTRY. WHY, HE ASKED RHETORICALLY, IS IT SO UNUSUAL FOR A REPARIAN POWER SUCH AS IRAN TO WISH TO HAVE A PRESENCE IN THE INDIAN OCEAN. WHO ELSE, HE ASKED, IS GOING TO PROVIDE FOR THE SECURITY OF THE STRAIT OF HORMUZ AND THE WATERS BEYOND, PARTICULARLY REACHING DOWN ALONG THE HORN OF AFRICA. SOUTH YEMEN, SOMALIA, AND MOZAMBIQUE ARE EITHER COMMUNIST OR VERY UNCERTAIN.

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THERE ARE NOT MANY AFRICAN NATIONS THAT APPEAR TO BE WILLING AND ABLE TO PROTECT THEMSELVES AND THE US DOES NOT SEEM TO BE ABLE TO DO MUCH TO HELP THEM. IRAN IS ONE COUNTRY THAT CAN PLAN A CONSTRUCTIVE ROLE AND HE HOPES THAT THIS WOULD BE BETTER UNDERSTOOD. LOOKING TOWARD EUROPE, THE SHAH SAID THAT THERE WAS UNCERTAINTY ABOUT WHAT WOULD HAPPEN TO YUGOSLAVIA AFTER TITO WENT. IF YUGOSLAVIA SUCCUMBED TO SOVIET PRESSURES, ITALY AND

SPAIN MAY WELL SOON FOLLOW AND HE WAS NOT EVEN CERTAIN THAT FRANCE WOULD NOT COME UNDER HEAVY PRESSURE. IN SUM, THERE WERE VERY FEW COUNTRIES AROUND THE WORLD THAT COULD BE RELIED ON TO PRESERVE CIVILIZATION AS WE NOW KNOW IT.

4. IRAN, THE SHAH SAID, IS A NATION OF ABOUT 33 MILLION PEOPLE. IN FIVE YEARS IT WILL BE APPROACHING 40 MILLION. WE WOULD LIKE TO REACH A POPULATION OF 65 MILLION BEFORE LEVELING OFF WHEN WE WILL BE MUCH LIKE THE ADVANCED COUNTRIES OF EUROPE. GIVEN CONTINUED HARD WORK WITHIN A FRAMEWORK OF STABILITY AND SECURITY, IRAN HAS THE ABILITY TO REACH ITS OBJECTIVES. IT HAS OTHER NATURAL RESOURCES TO DRAW ON WHEN THE OIL IS GONE; IT HAS HIGH HOPES FOR IMPROVEMENT IN AGRICULTURE AND INDUSTRY. IT WANTS TO DEVELOP A BALANCED ECONOMY AND BELIEVES IT IS MAKING GOOD PROGRESS IN THIS DIRECTION. AT THE SAME TIME IRAN IS MOVING FORWARD IN THE FIELD OF SOCIAL AFFAIRS.

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S E C R E T SECTION 2 OF 3 TEHRAN 11630/2

EXDIS

EDUCATION IS FREE UP TO UNIVERSITY LEVEL AND MANY GOVERNMENT SCHOLARSHIPS ARE AVAILABLE THEREAFTER. IRAN ALSO HAS A FREE LUNCH PROGRAM FOR GRADE SCHOOL CHILDREN. 49 PERCENT OF SHARES IN EACH INDUSTRY ARE AVAILABLE TO EMPLOYEES AND THE PUBLIC. LAND REFORM HAS BEEN PUSHED THROUGH AND PEOPLE WHO WORK THE LAND NOW OWN IT. GOD-GIVEN NATURAL RESOURCES SUCH AS WATER, FORESTS, AND OIL HAVE BEEN NATIONALIZED AND ARE UNDER THE CONTROL OF THE GOVERNMENT AND ADMINISTERED FOR THE BENEFIT OF SOCIETY AS A WHOLE.

5. ON THE SUBJECT OF IRAN'S DEFENSE POSTURE AND PLANS, THE SHAH SAID IT WAS RIDICULOUS TO THINK THAT IRAN COULD FIGHT THE SOVIET UNION DIRECTLY BUT IT WANTED TO BE PREPARED TO DEAL WITH ANY CONTINGENCY SHORT OF A DIRECT CONFRONTATION WITH THE USSR. HE SAID THAT IRAN HAD 8,000 KILOMETERS OF AIR SPACE TO DEFEND AND THAT IS WHY HE WAS INTERESTED IN AWAC FOR SURVEILLANCE AND A MINIMUM NUMBER OF MODERN AIRCRAFT TO MEET ANY CHALLENGE OVER THIS LARGE AREA. AS FAR AS THE NAVY WAS CONCERNED, HE ASKED RHETORICALLY IF THE US AND THE USSR WERE NOT IN THE INDIAN OCEAN, WHO ELSE BUT IRAN COULD PROVIDE FOR SECURITY IN THIS AREA. HE WANTED TO REPLY MAINLY ON THE US FOR DEFENSE EQUIPMENT, PARTICULARLY FOR THE AIR FORCE AND NAVY, BUT HE ALSO WANTED TO DIVERSIFY SOME OF HIS SOURCES OF SUPPLY. HE SAID THAT IRAN HAD VERY CLOSE AND EFFECTIVE TIES WITH ISRAEL BUT THAT THESE MUST REMAIN UNPUBLICIZED BECAUSE IRAN WAS A MUSLIM NATION

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6. SENATOR RIBICOFF EXPRESSED HIS APPRECIATION FOR THE SHAH'S FULL, CLEAR EXPOSITION OF WORLD AFFAIRS AS HE SAW IT. HE SAID THAT THE US RECOGNIZED IRAN AS A STEADFAST FRIEND AND HOPED THAT OUR CLOSE FRIENDSHIP AND COOPERATION WOULD CONTINUE. NEVERTHELESS, HE NOTED, THERE ARE SERIOUS CONCERNS IN THE US ABOUT ARMS SUPPLIES TO THIS PART OF THE WORLD AND IT IS AN ISSUE THAT WE CAN EXPECT WILL BE THOROUGHLY DISCUSSED AND DEBATED IN THE CONGRESS. THIS IS WHY HE ESPECIALLY VALUED THIS OPPORTUNITY TO DISCUSS THESE IMPORTANT MATTERS WITH THE SHAH. SENATOR BAKER REITERATED SENATOR RIBICOFF'S REMARKS AND EXPRGMUD ADMIRATION FOR THE REMARKABLE PROGRESS THAT IRAN WAS MAKING IN DEVELOPING A MODERN ECONOMY AND SOCIETY AND THE FACT THAT IT WAS REINVESTING ITS INCOME FROM OIL IN THE FUTURE OF THE COUNTRY. SENATOR BAKER SAID THAT HE UNDERSTOOD IRAN HAS A FOREIGN AID PROGRAM OF ITS OWN AND ASKED WHETHER THIS WOULD BE A PERMANENT FEATURE OF IRAN'S POLICY. THE SHAH RESPONDED THAT IT WAS, WITHIN IRAN'S MEANS. HE SAID THAT LAST YEAR IRAN HAD CONTRIBUTED SEVEN PERCENT OF ITS GNP TO FOREIGN AID AND THAT IT HAD GIVEN SUBSTANTIAL LOANS TO PAKISTAN AND INDIA. IT HAD ALSO TAKEN THE LEAD IN PROPOSING AN OPEC-SUPPORTED FINANCIAL FACILITY TO HELP LESS DEVELOPED COUNTRIES. SENATOR CANNON ALSO SAID THAT HE WAS IMPRESSED BY PROGRESS IRAN IS MAKING AND EXPRESSED HIS HOPE THAT CLOSE US-IRANIAN COOPERATION WOULD CONTINUE. SENATOR PEARSON NOTED THAT THE PEOPLE OF HIS STATE OF KANSAS WERE FAR REMOVED FROM THE INTERNATIONAL SCENE AND OF SOMEWHAT ISOLATIONIST PERSUASION. THEY FEEL, HE SAID, THAT THERE ARE LIMITS TO US POWER AND HOW FAR IT CAN BE PROJECTED AND THAT WE

HAVE MANY PROBLEMS OF OUR OWN TO SOLVE. HE MENTIONED, FOR EXAMPLE, OUR CURRENT BUDGET DEFICIT OF \$50 BILLION, OUR HIGH UNEMPLOYMENT RATE, AND INFLATION. HE FELT THAT SOME OF OUR FRIENDS DID NOT APPRECIATE THE SCOPE OR MAGNITUDE OF THESE PROBLEMS AND THE LIMITS THERE WERE TO WHAT WE COULD DO ABROAD. THE SHAH SAID THAT HE UNDERSTOOD THIS VERY WELL AND RECALLED THAT THE WORLD IN THE DECADES FOLLOWING WORLD WAR II CAN NEVER FORGET THE UNPRECEDENTED MAGNANIMITY OF THE US WHO HAD PROVIDED OVER \$150 BILLION TO HELP BOTH FRIENDS AND FORMER ENEMIES TO

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RECOVER. ITS SELFLESS DEDICATION AND CONTRIBUTION TO THE IMPROVEMENT OF MANKIND'S CONDITION THROUGH UNDP AND SIMILAR PROGRAMS WAS AN INSPIRATION TO EVERYONE. NEVERTHELESS, IRAN RECOGNIZES THAT THERE ARE INDEED, AS SENATOR PEARSON HAS NOTED, LIMITS TO WHAT THE WORLD CAN EXPECT THE US CAN DO AND IT IS FOR THIS VERY REASON THAT IRAN IS DETERMINED TO STAND ON ITS OWN FEET AND WORK WITH THE US IN THE INTERESTS OF THE FREE WORLD. WE HAVE THE WILL, HE SAID, AND WE ARE ACQUIRING THE POWER WHICH WILL ENABLE US TO HELP YOU AND TO SHARE THESE WORLD RESPONSIBILITIES.

7. SENATOR EAGLETON SAID THAT THERE WAS GREAT CONCERN IN THE US ABOUT THE SALE OF ARMS TO IRAN AND OTHER COUNTRIES IN THIS AREA. THERE WERE TWO ELEMENTS TO THIS CONCERN. FIRST IS WHETHER, IN AND OF ITSELF, IT FUELED AN ARMS RACE AND WAS THEREBY DESTABILIZING CONTRARY TO THE HOPES AND OBJECTIVES OF THE US AND THE COUNTRIES CONCERNED. THERE WAS ALSO THE QUESTION OF WHETHER COUNTRIES LIKE IRAN COULD ABSORB AND MAINTAIN THE HIGHLY SOPHISTICATED EQUIPMENT IT WAS RECEIVING FROM THE US OR WHETHER THE US WOULD BE REQUIRED TO SUPPLY LARGE NUMBERS OF TECHNICAL PERSONNEL TO HELP IN THIS MATTER FOR THE INDEFINITE FUTURE. IF THE LATTER WERE THE CASE, THERE WAS CONCERN THAT US CITIZENS MIGHT BECOME HOSTAGE IN THE EVENT OF A CONFLICT. THERE WAS A QUESTION IN HIS MIND AND IN THE MINDS OF OTHERS WHETHER THE US SHOULD NOT PLACE QUALITATIVE AND QUANTITATIVE LIMITS ON WHAT IT DID IN THE FIELD EVEN IF OTHER ARMS SUPPLYING COUNTRIES DID NOT AGREE. HE ASKED THE SHAH WHAT WOULD HAPPEN TO AMERICAN CITIZENS IN IRAN CONNECTED WITH IRAN'S ARMS MODERNIZATION PROGRAM IF WAR BROKE OUT. WOULD IRAN BE ABLE TO DEFEND ITSELF IF WE PULLED OUR PEOPLE OUT? THE SHAH ASKED WHAT WOULD BE GAINED BY THIS EVEN THOUGH NOTING THAT THEY WERE, OF COURSE, FREE TO LEAVE. WOULD THIS BENEFIT THE FREE WORLD? WOULD PAKISTAN AND AFGHANISTAN FALL? AND THEN WHAT WOULD HAPPEN TO INDIA WHICH IS ALREADY UNDER HEAVY SOVIET INFLUENCE? THE INDIAN OCEAN WOULD BECOME A RED LAKE, HE SAID, AND THE FREE WORLD WOULD LOSE THREE BILLION BARRELS OF OIL PER

DAY. WOULD, HE ASKED, THE US BE ABLE TO SUBSTITUTE US
FORCES FOR IRANIAN FORCES IN THE AREA? AS FAR AS IRAN'S

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ARMED FORCES ARE CONCERNED, THE SHAH SAID THAT IT HAS
THREE FRONTS TO COVER--THE NORTH, THE EAST, AND THE WEST.
IT MUST BE ABLE TO LOOK OUT IN ALL DIRECTIONS AND THAT
IS WHY IT NEEDED JH AWACS SYSTEM. SENATOR EAGLETON SAID
THE AWACS SYSTEM WAS EXTRAORDINARILY COMPLICATED AND NOT
VERY GOOD. THE SHAH RESPONDED THAT THE SOVIET UNION HAD
AN AWACS SYSTEM THAT IT SEEMED TO BE SATISFIED WITH.
SENATOR EAGLETON DISAGREED. FURTHER WITH RESPECT TO
DEFENSE AND THE WIDE AREA IRAN HAD TO COVER, THE SHAH
SAID HE WAS INTERESTED IN THE F-18 BECAUSE IT WAS A
CHEAPER PLANE THAN THE F-15 WHICH IRAN COULD NOT AFFORD
AND AGAIN ASKED WHETHER THE US WAS PREPARED TO SUBSTITUTE
ITS WON FORCES FOR IRAN'S IN THE AREA. AS FAR AS THE
ARMS RACE WAS CONCERNED, HE SAID THAT IRAN AND SAUDI
ARABIA WERE GOOD FRIENDS AND HE SAW NO PROBLEM THERE.

8. SENATOR GRIFFIN ASKED WHAT THE US COULD DO TO BRING
PEACE TO THE MIDDLE EAST. THE SHAH ANSWERED THAT THE
ARABS MUST ACCEPT ISRAEL AND RESPECT IS SOVEREIGNTY AND

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EXDIS

INDEPENDENCE. ON THE OTHER HAND, ISRAEL MUST VACATE
OCCUPIED ARAB LANDS. HE SAID THE STEP-BY-STEP APPROACH

PROMOTED BY THE US MAY HAVE RUN ITS COURSE AND MAY NO LONGER BE VIABLE. THE QUESTION IS HOW TO GET TO THE CONFERENCE TABLE IN GENEVA. THE PALESTINIAN PROBLEM MUST ALSO BE DEALT WITH. IT IS, HE SAID, A REAL PUZZLE.

9. SENATOR CULVER NOTED THE RECENT INCIDENT INVOLVING THE SOVIET PILOT WHO HAD FLED TO IRAN AND HIS UNDERSTANDING THAT THE PILOT WANTED TO SEEK REFUGE IN THE US. HE SAID THE US WAS PREPARED TO HELP BUT THAT IT HAD NOT BEEN GIVEN AN OPPORTUNITY TO DO SO AND ASKED WHY IRAN HAD RETURNED THE PILOT TO THE SOVIET UNION. THE SHAH SAID THAT IRAN HAD THOUGHT ABOUT THE MATTER VERY CAREFULLY. IT HAD A TREATY WITH THE SOVIET UNION WHICH WAS VERY CLEAR AND UNLESS IRAN REPUDIATED THE TREATY, IT HAD NO ALTERNATIVE BUT TO ABIDE BY ITS PROVISIONS AND RETURN THE PILOT, WHICH IT DID.

10. SENATOR CULVER THEN RAISED THE QUESTION OF FREEDOM IN IRAN AND SAID THERE WERE QUESTIONS OF REPRESSION, QUESTIONS ABOUT THE ACTIVITIES OF SAVAK, QUESTIONS ABOUT FREEDOM OF THE PRESS AND THE PRESERVATION OF SIMILAR VALUES. WHAT, HE ASKED, ARE THE PROSPECTS OF FREEDOM IN IRAN IN THE FUTURE? THE SHAH REPLIED THAT IRAN PURSUED ONLY OPPONENTS WHO WERE COMMUNISTS AND THAT THERE WAS A LAW AGAINST COMMUNISTS AND COMMUNIST ACTIVITY IN IRAN. IRAN FOLLOWED THE LAW IN DEALING WITH THESE PEOPLE. NOW,
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MAYBE IT COULD BE ARGUED, HE SAID, THAT THE LAW OUGHT TO BE CHANGED. HE DID NOT KNOW ABOUT THAT BUT AS LONG AS THE LAW STOOD, IT WOULD BE FOLLOWED. AS FAR AS FREEDOM OF THE PRESS IS CONCERNED, THE SHAH SAID THAT HE SAW MUCH FREEDOM OF EXPRESSION IN THE LOCAL PAPERS. THE ONLY THING THAT WAS NOT PERMITTED WAS ADVOCACY OF COMMUNISM WHICH, AGAIN, WAS AGAINST THE LAW. HE WENT ON TO NOTE SOME RESERVATIONS ABOUT THE "SO CALLED" FREEDOM OF THE PRESS IN THE US. IS IT REALLY BENEFICIAL, HE ASKED, FOR ANYBODY TO BE FREE TO PRINT LIES AND MISREPRESENTATIONS AND FOR PEOPLE TO BE SLANDERED AND THEN HAVE TO SPEND 30 YEARS IN THE COURTS TRYING TO CLEAR THEIR NAMES. HE REALLY DID NOT KNOW, HE SAID, WHETHER THIS WAS SOMETHING IRAN WANTED.

1.. SENATOR LAXALT NOTED THE DEPENDENCY OF THE US AND THE FREE WORLD ON MIDDLE EASTERN OIL AND THE VITAL PART FREE PASSAGE THROUGH THE STRAIT OF HORMUZ PLAYS IN CONTINUED ACCESS TO THIS OIL. HE ALSO SAID THAT THE US DID NOT HAVE A CLEAR, COHERENT ENERGY POLICY AND ASKED WHAT WE SHOULD IN THE FUTURE. THE SHAH AGREED THAT THE STRAIT OF HORMUZ IS A "JUGULAR VEIN" VITAL TO THE WEST.

ONE DAY, HOWEVER, OIL WAS GOING TO RUN OUT AND WHAT WOULD THE WORLD DO IN 30 YEARS. ALTERNATIVE ENERGY RESOURCES MUST BE DEVELOPED. NOT ONLY IS THE DEMAND FOR ENERGY INCREASING AT PRESENT BUT IT WILL BE EVEN GREATER IN THE FUTURE WITH THE GROWTH IN THE WORLD'S INDUSTRIALIZATION AND POPULATION. THE SHAH SAID THE US HAS SOME OPTIONS BESIDES SUPPLEMENTING ITS CURRENT NEEDS FROM ALASKAN OIL RESERVES; IT HAS HUGE DEPOSITS OF COAL, AND IT IS DEVELOPING SOLAR TECHNOLOGY. IT OUGHT TO CONTINUE TO EXPLORE THESE AND OTHER ENERGY OPTIONS. IRAN ITSELF IS GOING FOR ENERGY ALTERNATIVES AND BANKING HEAVILY ON NUCLEAR ENERGY FOR ITS FUTURE NEEDS. IN THIS CONNECTION SENATOR GLENN NOTED THAT THERE WAS GROWING CONCERN ABOUT NUCLEAR PROLIFERATION IN THE WORLD AND THAT SOME MEANS NEEDED TO BE FOUND TO CURB THE DEVELOPMENT OF NUCLEAR WEAPONS CAPABILITY. HE NOTED WITH APPRECIATION THE LEADING ROLE IRAN WAS PLAYING IN PROMOTING A NON-NUCLEAR ZONE IN THE REGION. HE SAID THAT HE UNDERSTOOD THE CONCERN OF NATIONS LIKE IRAN WHO HAD OPTED FOR A
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NUCLEAR ENERGY SUPPLY PROGRAM, THAT IT HAVE A GUARANTEED SUPPLY OF FUEL FOR ITS REACTORS. HE HOPED THAT SUPPLIER NATIONS COULD COME UP WITH A GUARANTEE PROGRAM AND AVOID THE PROLIFERATION OF REPROCESSING PLANTS IN THE PROCESS. THE SHAH SAID THAT HE FULLY AGREED WITH THE NEED TO STOP PROLIFERATION AND THAT IRAN WOULD DO EVERYTHING IT COULD TO HELP. HE WAS NOT OPPOSED TO SAFEGUARDS AND WOULD ACCEPT THEM AS LONG AS THEY APPLIED EQUALLY TO OTHER NATIONS. A COMMON STANDARD MUST BE ESTABLISHED. HE SAID THAT HE BELIEVED THE FRENCH WERE NOW COMING AROUND TO THIS POINT OF VIEW. THIS HAD BEEN A QUESTION HE HAD DISCUSSED WITH FRENCH PRESIDENT GISCARD D'ESTAING AND WITH SECY KISSINGER.

12. SENATOR FORD SAID THAT AS ONE OF THE LAST MEMBERS TO SPEAK HE WANTED THE SHAH TO KNOW THAT HE HAD HAD RESERVATIONS ABOUT IRAN BEFORE HE VISITED HERE. HAVING NOW SEEN WHAT IRAN WAS ACCOMPLISHING AND HAVING THE BENEFIT OF THE SHAH'S EXPLANATION OF HIS PROGRAM AND OBJECTIVES, HE WANTED THE SHAH TO KNOW THAT HE WAS NOW FIRMLY CONVINCED THAT THE US SHOULD DO EVERYTHING IT COULD TO HELP AND SUPPORT IRAN. THE SHAH SAID THIS WAS A GRATIFYING CONCLUSION TO THE MEETING.

13. IN THE MORE INFORMAL PRE-DINNER COCKTAIL PERIOD SENATOR RIBICOFF ASKED THE SHAH WHETHER IT WOULD NOT BE POSSIBLE FOR OPEC TO DEFER A DECISION ON OIL PRICES UNTIL PRES-ELECT CARTER ASSUMED OFFICE. HE SAID THAT THE US REALLY DID NOT HAVE ANY ENERGY POLICY AND

BECUASE OF DIVIDED COUNSEL IN BOTH THE LEGISLATIVE AND EXECUTIVE BRANCHES OF OUR GOVERNMENT HAD NOT SATISFACTORILY ADDRESSED CRITICAL QUESTIONS SUCH AS INDEXATION AND THE NORTH-SOUTH DIALOGUE. A PRICE DECISION AT THIS POINT WOULD LIMIT THE CARTER ADMINISTRATION'S OPTIONS IN COMING TO GRIPS WITH THESE POLICY ISSUES. THE SHAH RESPONDED THAT OPEC HAD SHOWN PATIENCE WITH THE WEST BY FREEZING OIL PRICES FOR 18 MONTHS IN THE HOPE THAT THEIR ECONOMIES WOULD BE PUT IN ORDER AND INFLATION CONTAINED. THIS HAD NOT OCCURED IN ANY SATISFACTORY WAY AND OPEC COUNTRIES WERE PAYING GREATLY INCREASED PRICES FOR GOODS IMPORTED FROM THE WEST. HE DID NOT SEE HOW A PRICE
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FREEZE COULD BE HELD ANY LONGER. SENATOR RIBICOFF DID NOT PURSUE THE MATTER.

14. WITH THE SHAH'S PERMISSION, SENATOR GLENN TAPE RECORDED THE ENTIRE FORMAL DISCUSSION AND IT IS UNDERSTOOD THAT IT WILL TRANSCRIBED BY HIS OFFICE IN WASHINGTON. FOREGOING NOT CLEARED WITH CODEL PRIOR TO ITS DEPARTURE. IF DESIRED, IT SHOULD BE CLEARED IN WASHINGTON. SHAH SPOKE TO CODEL IN GREAT CANDOR AND WE BELIEVE HE WOULD WISH THAT HIS CONFIDENCE BE RESPECTED.
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